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Senior Loan Officer Survey

on Business-Lending Practices in Canada

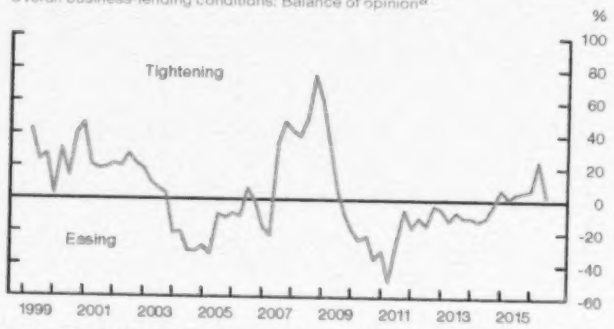
Results of the Third-Quarter 2016 Survey | Vol. 9.3 | 7 October 2016

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2016.

- Survey results suggest that overall business-lending conditions were largely unchanged during the third quarter (**Chart 1**). Non-price conditions tightened slightly, while price conditions were basically unchanged (**Chart 2**).[1,2]
- The tightening in non-price lending conditions was concentrated among corporate borrowers from the oil and gas sector. Price conditions for corporate borrowers were unchanged, however.
- Both price and non-price lending conditions were essentially unchanged in this quarter for small business and commercial borrowers.
- The overall demand for credit decreased in the third quarter. Respondents indicated decreased demand from both commercial and small business borrowers in Quebec. In the Prairies, demand decreased from commercial borrowers. Overall demand from corporate borrowers was essentially unchanged.
- Access to capital markets increased in the third quarter for all grades of borrowers.

Chart 1: Senior loan officers reported that overall lending conditions for Canadian non-financial firms were largely unchanged...

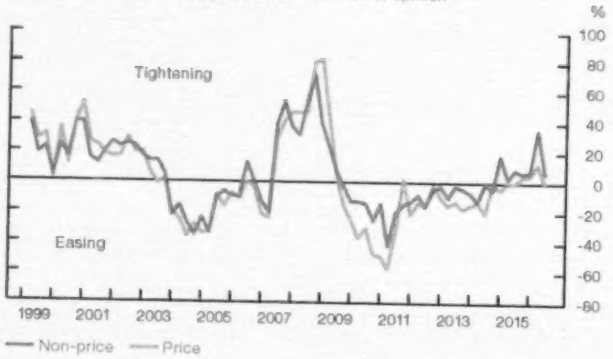
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: ...with non-price conditions tightening slightly and price conditions basically unchanged

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

1 The SLOS defines the pricing of credit as spreads over base rates rather than as the level of rates.

2 Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. This survey was conducted between 5 and 9 September 2016. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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